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Editorial Bureau

Let Us Further Glorify the Tradition of Wholehearted Unity Being Firmly Inherited Generation After Generation

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Political and Ideological

Faithful Service for the People Is Our Party's Noble Duty

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Party Functionaries Should Be the Standard-Bearers of the Revolution Leading the Masses To Implementing Party Policy

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[Article by Ko Pom-su; not translated]

Economic Construction

The Tacan Work System Is a Revolutionary Work System Which Has Thoroughly Embodied the Socialist Principle in Economic Management

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[Article by Na Chong-pin]

[Text] Thoroughly embodying socialist principles in economic management is one of the important problems influencing the success of socialist economic construction.

If we are to successfully carry out socialist economic construction, we must correctly carry out the economic management work of guiding and directing people's production activities and their labor activities so as to meet the demands of socialist principles. Of course, there may be various kinds of specific methods of organizing and directing people's production activities and labor activities. However, inasmuch as socialist economic construction is the work of firmly constructing the material bases of the economic foundations of the socialist system and the material base of the socialist society, the revolutionary principles and stand of the working class—socialist principles—must always be firmly embodied in managing and operating the socialist economy.

To embody socialist principles in economic management means solving all problems in the direction of displaying the superiority of socialism, based on socialist principles. In other words, it means firmly embodying collectivist principles, which form the basis of socialism, in managing and operating the socialist economy.

The basic thing in embodying socialist principles and collectivist principles in economic management is to thoroughly implement the revolutionary mass line in economic management and operations, firmly guaranteeing the leadership of the party over economic construction.

Only by firmly embodying socialist principles in economic management is it possible to carry out economic

management in conformity with the intrinsic demands of socialist society and the inevitable laws of socialist economic development and to highly display its superiority and vitality.

If socialist principles are not firmly embodied in economic management, we cannot manage and operate the socialist economy in conformity with the interests and demands of the toiling popular masses, and all sorts of outmoded vestiges in the economic management field will penetrate and dilute socialist economic construction. Therefore, embodying socialist principles in economic management emerges as an important problem relating to the operation of socialist economic construction.

If we are to go ahead embodying socialist principles in economic management, we must set up a revolutionary economic management system that suits the intrinsic nature of the socialist system and the requirements of socialist economic management development. That is because economic management is carried out and achieved by means of a specific economic management system and method.

Even after the socialist system is established, the vestiges of outmoded economic management remain for a certain period in the field of economic construction, and they impose not a few impediments to socialist economic construction.

The vestiges of outmoded economic management do not disappear, nor do socialist principles become embodied automatically in economic construction just because the socialist revolution has triumphed and the socialist economic system has been established. Only through the wise leadership of the party of the working class is it possible to purge the vestiges of outmoded economic management and go on establishing a new socialist economic management order.

The great leader Comrade Kim Il-song created the *chuche* theory of socialist economic management and created the Taean Work System by brilliantly embodying the immortal *chuche* thought in the field of economic management. By so doing, he illuminated the clear-cut path that can firmly embody the socialist principle in socialist economic management.

The great leader Comrade Kim Il-song taught as follows:

"The Taean work system is the most superior economic management system, which makes it possible for the producer masses to carry out their responsibility and role as masters and to manage and operate the economy scientifically and rationally by implementing the mass line in economic management and organically combining party guidance with administrative and technical guidance." ("New Year's Address," 1991, monograph, p 7)

The Taean Work System is a new economic management system of our own style that regards the toiling popular masses, who are the main body of the revolution, as the masters of economic management and respects their

ideas, protects their interests, and solves all problems arising in economic management by relying on the strength and wisdom of the producer masses. The revolutionary intrinsic nature of the Taean Work System, in a word, lies in its being is a communist economic management form that embodies the immortal *chuche* thought and the mass line on which it is based.

The Taean Work System is a revolutionary economic management system that thoroughly embodies socialist principles in economic management.

By firmly guaranteeing the leadership of the party over socialist economic construction, the Taean Work System, above all, causes the socialist principle to be thoroughly embodied in economic management.

The basic thing in embodying the socialist principle in economic management is to firmly guarantee the leadership of the party in socialist economic construction.

The leadership of the party is the lifeline of the socialist cause. Socialist economic construction aimed at remaking nature to meet the independent aspirations and demands of the toiling popular masses can be successfully carried out only under the leadership of the party.

Only under the leadership of the party is it possible to firmly rally together several million of the toiling popular masses into one socio-political force and vigorously organize and mobilize them to the struggle for socialist construction. The leadership of the party is a basic guarantee for dynamically advancing socialist economic construction according to the correct strategy and tactics and push economic construction forward to victory without the slightest deviation.

The Taean Work System, which was created by the great leader Comrade Kim Il-song, is a new economic management system of our own style that is based on the collective guidance of the party committee. Party guidance over economic management in the Taean Work System serves as a helmsman to insure that the entire range of economic work is correctly grasped and production and construction is carried out according to the intent of the party, and it is smoothly achieved through the process of arousing the masses to the implementation of the party's economic policy.

Party and economic guidance functionaries and key technicians and workers participate in the party committee and set up the most rational measures and methods for successfully guaranteeing the economic tasks assigned to the factory in conformity with the line and policy of the party. They dynamically organize and mobilize party organizations and worker groups and organizations, party members, and workers to its implementation. By so doing, the intent of the party is able to go smoothly to the bottom and to be thoroughly implemented. By having the collective guidance system of the

party committee firmly established so as to meet the requirements of the Taaan Work System, political guidance problems concerning economic work have been correctly resolved and economic management work carried out to suit the requirements of democratic centralism, and all sorts of incongruous elements have not been able to intrude upon the economic management field. Arbitrary individual decisions, subjectivism, and bureaucratism in economic management also have been overcome and the democracy of the producer masses has come to be displayed to the utmost, and their sovereign interests and demands have come to be firmly guaranteed. This is an important factor that defends the socialist principles in economic management and highly demonstrates the superiority of socialist economic system.

The practical experiences of our country's socialist economic construction shows that here—in thoroughly implementing the Taaan Work System—is a basic guarantee for firmly guaranteeing the leadership of the party and thoroughly embodying socialist principles in economic management.

The Taaan Work System also makes it possible to thoroughly implement the socialist principles in economic management by firmly embodying the revolutionary mass line.

The important thing in embodying the socialist principle in economic management is to solve all problems arising in economic management by enhancing the revolutionary zeal and creative positiveness of the producer masses.

If we are to correctly manage the socialist economic system we must make the broad producer masses take part in economic management in the manner of masters and have them carry out their responsibility and role as masters of the economy. The producer masses in a socialist society, as masters of the state and the society, properly occupy the position of the master even in economic management work. The socialist economy must be managed and operated to meet the ideas and demands of the toiling popular masses, who are the masters of their fate and who are independently and creatively forging their own destiny. To correctly achieve such intrinsic demands of socialist economic management, there must be established an economic management system and methods that will enable the broad producer masses to actively participate in economic management. In the management-by manager-only system, which has many outmoded capitalistic economic management elements even though it is a socialist-type management system, the broad producer masses are unable to perform their responsibility and role as the masters of economic management.

The Taaan Work System, which was created by our party—a revolutionary management system of our own style, which embodies the immortal chuche thought and

the revolutionary mass line—is the form of economic management that most dynamically organizes and mobilizes the producer masses.

The Taaan Work system is not one in which any single individual decides and disposes of all problems arising in economic management and operation or moves the broad producer masses by administrative methods, giving orders, and handing down instructions and shouting commands. It has as its basic principle putting the priority on political work, work with people, and having the producer masses participate directly in economic management and operate and manage the economy on the basis of their revolutionary enthusiasm and positiveness.

The Taaan Work System solves all problems arising in economic management—starting from planning work and going all the way down to production guidance and technical preparations, facilities management, labor management, materials management, and financial management—by highly displaying the revolutionary enthusiasm and creative positiveness of the producer masses. The Taaan Work System organizes and carries out all work so that important work of economic management such as production preparations, production guarantees, and rear area supply work all thoroughly serve the demands and interests of the producer masses.

The basic spirit of the Taaan Work System is cadre and workers becoming one, with cadre going down to the work-sites and working with and helping the producers—not just sitting at their desks and handing down instructions and orders. The top helping the bottom, and the people who know teaching the people who don't know while making it possible for the communist spirit of "One for all and all for one" to be embodied in the economic management field—this is the Taaan Work System.

By creating the Taaan Work System, it has been possible to have the broad producer masses actively participate in economic management and to successfully solve all problems arising in economic management on the basis of their high revolutionary zeal and creative positiveness. By the producer masses taking part in economic management in the manner of a master and displaying high revolutionary enthusiasm and positiveness, the difficult and complex problems arising in production and management have come to be successfully solved in good time and the superiority and vitality of the large-scale socialist economy have come to be highly displayed.

In this way, the problem of highly displaying the superiority of socialism by embodying the revolutionary mass line in economic management can be smoothly resolved only when thoroughly implementing the Taaan Work System.

The Taaan Work System also makes it possible to firmly embody socialist principles in economic management by managing and operating the economy scientifically and

rationally so as to meet the objective economic laws which operate in socialist society and the scientific and technological demands of production.

One of the important socialist principles that must be adhered to in economic management is to achieve the maximum economic results by managing and operating the economy scientifically and technologically. Only by rationalizing economic management and attaining high economic results is it possible to strengthen the economic foundations of socialism and increase to the maximum the material and cultural welfare of the workers. Therefore, managing and operating the economy scientifically and rationally emerges as an indispensable requirement for highly displaying the superiority of the socialist economic system and speeding up socialist economic construction.

By making it possible to accurately embody the demands of socialist economic laws, the Taean Work System makes it possible to manage and operate the economy scientifically and rationally.

In order to manage and operate the economy scientifically and rationally, we must accurately understand and utilize objective economic laws in economic management.

Socialist economic laws correctly explain the effective methods and means for prescribing the direction and objective process of socialist economic development and achieving it. Only by correctly embodying the demands of economic laws is it possible to scientifically mesh the directions and methods of economic management and operation with the inevitable demands of production development and smoothly push forward the production process.

The Taean Work System makes it possible to guarantee scientificness in economic management by setting up and implementing the correct directions and methods of business operation activities based on an overall calculation of the demands of the economic laws under the collective guidance of the party committee.

The collective guidance of the party committee is a decisive guarantee that makes it possible to most accurately calculate the demands of economic laws in business management and properly establish the direction and methods of management activities.

Socialist economic laws have mutually differing content and demands and operate simultaneously in a close relationship in the various sectors and units of the people's economy. Consequently, socialist enterprises must effectively resolve various demands in management activities, such as smoothly meshing production elements and production processes, giving priority to the work of guaranteeing material resources, planning and organizing production guidance, and doing a good job of distribution according to quantity and quality of labor.

Such demands cannot be correctly carried out by the handicraft industry-type calculation of management

functionaries or by the know-it-all attitude of one person who is the manager, but can be smoothly solved only by the collective strength of the masses.

By giving priority to political work and implementing the mass line, the Taean Work System makes it possible to correctly embody the demands of economic laws in economic management. Only by implementing the Taean Work System are objective conditions of production and technical economic factors accurately calculated and all sorts of inner reserves and potentials actively mobilized. In addition, only in this way do the producer masses come to act in concert, thereby guaranteeing scientificness in economic organization work and its successful achievement.

The Taean Work System not only correctly achieves the demands of economic laws, but also, through a unified and concentrated production guidance system, comes to direct production scientifically and technologically in conformity with the demands of the technical processes of modern production. Therefore, by having all technical guarantee measures—all the way down to technical preparations work, technical process guidance, product processing, and facilities management—set up in good time, production comes to be carried out scientifically and materials are satisfactorily supplied to the production site by means of a materials supply system. As a result, production is carried out scientifically and rationally.

All these things show that the Taean Work system, which was created by the great leader and is being given new luster by the dear Comrade Kim Chong-il, is a revolutionary economic management system of our own style that manages and operates the socialist economy scientifically and rationally, by firmly defending socialist principles in economic management and thoroughly embodying them.

From the time the great leader Comrade Kim Il-song personally gave on-the-spot guidance at the Taean Electric Factory in December 1961 and created our own type of Taean Work System until today, the shining successes that have been achieved in our country's socialist industrial construction and the revolutionary transformation process that has taken place in our Taean Heavy Machinery Complex show clearly that in embodying socialist principles in economic management there is only the Taean Work System.

All party members and workers of our Taean Heavy Machinery Complex, having great pride and self-esteem in living and working in the glorious work-site created by the great Taean Work System of our own style, are brilliantly producing various kinds of machinery and facilities, especially the heavy machinery necessary for improving the technical equipment of the people's economy.

Today, all the work in our factory—from planning work all the way down to production guidance, materials

guarantee, and rear services work—is being brilliantly carried out in conformity with the demands of the Taean Work System, and its mission as the country's heavy industry production base is being performed smoothly. The period from 1961 until last year, during which our factory was managed and operated according to the Taean Work System, our factory's manufacturing gross output value increased 40-fold, and each year during this period production grew at the high rate of 125 percent per year. Last year alone, our complex achieved revolutionary results by accomplishing ahead of schedule its production plan, which was much higher than the previous year.

Our factory, which used to make small and medium transformers and electric motors, today makes 125,000-kilovolt hydroelectric transformers and bipolar 10,000-kva high speed electric motors, 200,000-kilovolt special high voltage transformers and many other heavy machinery facilities.

Indeed, that our socialist economy is being managed and operated according to a revolutionary economic management system like the Taean Work System, which firmly embodies the socialist principles in economic management, is our people's great pride, joy, and glory.

By firmly grasping and continuing to thoroughly implement the Taean Work System, we must brilliantly accomplish the economic construction tasks set forth by the great leader Comrade Kim Il-song in this year's New Year's Address.

The great leader Comrade Kim Il-song taught as follows:

"We must staunchly defend the *chuche* economic management system, starting with the Taean Work System, whose justness and vitality have been clearly proven, and go on thoroughly implementing it." ("Let Us Hold High the Revolutionary Banner of *Chuche* and Complete to the End the Cause of Socialism and Communism," monograph, p. 17)

This year is the meaningful year that marks the 30th year since our party created the Taean Work System and opened the new era in socialist economic management.

With firm belief in the socialist cause under the leadership of the party, we must, by more thoroughly implementing the Taean Work System, completely embody socialist principles in economic management and bring about endless upsurges in economic construction.

Here, the most important thing above all is for all functionaries and workers to defend socialist principles in economic management and to firmly believe that the Taean Work System is the only way to expedite socialist economic construction and struggle aggressively to implement it.

Managing and operating the economy on the basis of the Taean Work System is our party's consistent guideline

and the only just path for managing and operating the socialist economy in consonance with its intrinsic nature.

When we continue to vigorously push forward the struggle for the implementation of the Taean Work system, firmly believing that the Taean Work System is the only system of economic management principles and methods that can enable our functionaries and workers to fully display the superiority of socialism, basing themselves on the principle of socialism, we can garner even greater successes in economic construction.

Therefore, all of our economic guidance functionaries and workers must firmly arm themselves with the *chuche*-oriented economic management thought of the great leader and aggressively struggle under any circumstances, to manage the economy according to the demands of the Taean Work System.

Another important thing in firmly embodying socialist principles in economic management by thoroughly implementing the Taean Work System is to strengthen the collective guidance of the party committee.

The collective guidance of the party committee is the heart of the Taean Work System.

Inasmuch as socialist economic construction is a nature-rebuilding work that is carried out under the leadership of the party of the working class, we cannot think of socialist economic construction apart from the leadership of the party. If we want to correctly manage and operate the socialist economy, we must continuously strengthen the collective spirit in economic guidance by further strengthening the leadership functions of the party so as to meet the demands of the developing reality. Here, it is especially important to strengthen the helmsman role of the party committee and intensify the collective consultation system and further strengthen the political work and work with people.

We must strengthen the collective guidance of party committees in every sector and every unit of the people's economy and ensure that party and administrative economic functionaries, technicians, and producers cooperate closely with one another and heighten their responsibility and spontaneity and smoothly accomplish the economic tasks that are set forth.

An important thing in thoroughly embodying socialist principles in economic management by implementing the Taean Work System is for all functionaries and workers to carry out economic activities according to the economic management rules and order that have been clarified in the Taean Work System.

No matter how brilliant an economic management system and method is set up, when economic guidance functionaries and workers do not correctly embody its demands, it cannot produce any benefits.

In the Taean Work System are clarified the specific economic management rules and order that can manage

and operate the economic management most scientifically and rationally. The collective guidance system of the party committee, the unified and concentrated production guidance system, the materials supply system, and the rear area supply system have been established; the standing operating procedures and rules that producers must observe in all offices and units and processes have been explained.

Only when the demands of all of these work systems and order are correctly observed is it possible for the Taean Work System to produce truly great benefits and to become a mighty method for dynamically giving impetus to economic construction.

All sectors and all units of the people's economy must see to it that the role of administrative economic functionalities is enhanced, that system and order are strictly established and planning discipline, labor administration discipline, and production discipline are strictly established, that priority is given to technological development, and that economic organization work is planned and organized under the principle of increasing economic effectiveness and product quality.

Thoroughly overcoming the vestiges of incorrect and outmoded economic management methods that run counter to the Taean Work System is a firm guarantee for defending socialist principles in economic management.

Just as weeds will spring up in a paved road that has cracks in it, when the Taean Work system is not thoroughly implemented, the vestiges of wrong-headed, outmoded economic management methods running counter to socialist principles raise their heads.

Even though the remnants of outmoded economic management methods may be trivial, once they start to grow, they greatly impede the management of socialist economy.

Therefore, we must take the firm ideological viewpoint and standpoint that there is nothing but the Taean Work System set forth by our party, and we must manage the economy according to the demands of only the Taean Work System. In particular, we must not only must prevent divergent economic management elements from growing and prevent them from creeping into economic management practice, but also must launch an uncompromising struggle against even the slightest tendency of this.

Historical experience shows clearly just what a big price is paid when the vestiges of capitalistic economic management methods, which have no connection with socialist principles, are dragged in.

The struggle to defend socialist principles in economic management—the work to thoroughly implement the Taean Work system—is a worthwhile struggle to accomplish to the end the cause of socialism under the revolutionary banner of *chuche* thought.

By continuing to firmly grasp and thoroughly implement the Taean Work System, which was created by the great leader Comrade Kim Il-song and is being given added luster by the dear Comrade Kim Chong-il, we must dynamically expedite socialist economic construction and fully display the superiority of the socialist system.

Improving Financial Management Is an Important Way To Mobilizing Hidden Resources

912D0006B *Pyongyang KULLOJA in Korean No 2, Feb 91 pp 68-72*

[Article by An Yong-man]

[Text] In his New Year's Address the great leader Comrade Kim Il-song set forth as the major task facing us in this year's socialist economic construction normalizing production at a high level and further raising the material and cultural life of the people to meet the demands of socialism by utilizing effectively the economic base that has already been prepared and giving firm priority to the precedent sectors of the people's economy.

If we want to successfully accomplish the major tasks facing us in socialist economic construction this year that were elucidated by the great leader Comrade Kim Il-song, we must further improve economic guidance and enterprise management by thoroughly implementing the Taean System. It is particularly important to lay the groundwork for financial management work.

The dear Comrade Kim Chong-il, by explaining across the board the specific tasks facing us in further improving and strengthening financial and banking work so as to meet the requirements of the developing reality and methods for accomplishing them in his letter "On Improving and Strengthening Financial and Banking Work," which was sent to participants in the National Financial and Banking Functionaries Conference, has provided guiding principles that we must firmly grasp in financial and banking work.

Achieving new innovations in the financial and banking work by thoroughly implementing the historic letter of the dear Comrade Kim Chong-il, which synthesizes and systematizes across the board the theory of socialist finances and banking, emerges as an urgent requirement for achieving a continuous upsurge in socialist economic construction by aggressively seeking out and mobilizing inner reserves in the people's economy.

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and Secretary of the Central Committee of the WPK [Workers Party of Korea], pointed out as follows:

"Factories and enterprises in all sectors of the people's economy must bring about a decisive transformation in business management across the board, increase production to the maximum, and implement thoroughly the party's guidelines concerning economization by putting

great energy into financial management, in addition to facilities management, materials management, and labor management."

Financial management means the work of organizing and directing so as to build up, distribute, and economically utilize cash funds in conformity with the lines and policies set forth by the party and according to the state rules and order. In other words, it is the work of planning the formation and utilization of financial resources so as to accord with the lines and policies of the party and guaranteeing the funds necessary for economic construction and national defense construction and raising the people's living standards by mobilizing gross social product and national income in the form of cash according to a financial plan. Also included in financial management work is the work of instituting controls so that cash savings are increased and state funds are utilized economically.

Today, when the scale of today's economy has grown incomparably and the consumption linkages among sectors and production units is becoming very close, if we are to achieve great successes in socialist economic construction by mobilizing and utilizing inner reserves of the people's economy to the maximum, we must see to it that we accurately calculate the cost and profitability of products in all sectors and all units and insure that production is expanded with less expenditure.

Laying the groundwork for financial management work has major significance in particular for expanding production and construction by mobilizing inner reserves.

Improving financial management work serves as an important means of mobilizing inner reserves is above all linked to the fact that by improving financial planning work to meet the policies and lines of the party it becomes possible to raise investment effectiveness to the maximum.

Today, when major construction projects are being extensively carried out under the wise leadership of the party and the struggle to create a new "speed of the 90's" is being waged vigorously in all sectors of production and construction, correctly fixing investment targets, increasing the effectiveness of investments, and effectively utilizing state capital in every sector and every unit of the people's economy to the maximum emerges as an urgent requirement in order to complete economic construction ahead of schedule.

Only by correctly fixing investment priorities to conform to party lines and policies and focussing first on guaranteeing funds for those targets that can boost investment effectiveness is it possible to carry out even more production and construction with the funds provided and advance the socialist economic construction at a fast rate of speed.

If we are to correctly determine the expenditures and directions of utilization of state funds, we must do a good job of financial planning.

Financial planning is the important work of building up the necessary capital and determining the scale and direction for disbursements based on the people's economic plan.

Only by commendably carrying out financial planning does it become possible to soundly set up fund disbursement plans so to ensure the successful accomplishment of the people's economic plan and, by correctly determining the limits of funds disbursement, to correctly establish investment targets and investment scale and maximize the investment effectiveness. If we do a good job of financial planning work, it is possible to calculate specifically all the elements of production starting with labor, facilities, and materials, and accurately mesh them together and overfulfill the people's economic plan by mobilizing all the various reserves and potentials.

Only by properly formulating the financial plan on the basis of the party's line and policy is it possible not only to specify the most effective investment direction, but also to make production grow at a high rate of speed by mobilizing all reserves and potentials that have not been calculated in the people's economic plan.

Improving financial management work is an important means of mobilizing inner reserves makes it possible to eliminate all kinds of wasteful phenomena and strengthen economization.

Eliminating the phenomenon of waste and strengthening economization is one of the basic methods for mobilizing inner reserves.

Eliminating waste is an important means of mobilizing inner reserves because the additional reserves that must be mobilized derive from economization.

The matter of how we mobilize inner reserves is linked to various factors—the development of science and technology and the introduction of new technology, for example—but to a great extent it depends on the economical use of facilities, labor, and capital.

Therefore, strengthening economization is a basic principle of socialist economic construction and a method for creating and mobilizing inner reserves.

If we want to eliminate waste in socialist society and improve economization, we must reinforce financial discipline and financial controls according to the rules and provisions of the state laws.

Waste is a manifestation of the outmoded ideological vestiges remaining in people's heads. It is related to the fact that discipline and order in economic management are in confusion and are not being properly observed.

If we want to eliminate waste, it is important on the one hand to vigorously carry out ideological indoctrination and ideological struggle while insuring that laws, rules, and regulations in financial activities are strictly observed and that we do our utmost to frugally use each drop of oil, each gram of coal, and each piece of cloth.

If we improve financial management work, it is possible to strengthen plans and contract regulations and satisfactorily guarantee the material conditions of production and strictly conform to the disbursement standards of raw materials, materials and other goods and labor and to continuously lower them.

Only by tightening financial discipline and financial controls is it possible to increase production by utilizing most effectively existing facilities, labor, and capital.

Bolstering financial discipline and financial controls by improving financial management makes it possible raise efficiency in the utilization of state funds and to more vigorously advance economic construction ahead of schedule.

Effectively utilizing state funds is a firm guarantee for more production and construction with limited funds on a societal scale—not to mention individual enterprises—and serves as an important form of inner reserve mobilization.

The effective utilization of state funds is achieved by the use of financial measures aimed at the economical utilization and more rapid turnover of facilities, materials, and labor.

Therefore, if we tighten financial discipline and controls by improving financial management work, it will be possible to mobilize and utilize inner reserves of the people's economy to the maximum by economically utilizing state funds and speeding up their turnover.

Improving financial management is an important way to mobilize inner reserves because it makes it possible to rationalize business management by correctly carrying out the independent economic accounting system.

The independent economic accounting system is a rational method of economic management and operations in which an enterprise carries economic activities with relative individuality under the centralized guidance and control of the state, while benefiting the state by reimbursing by itself the expenses incurred in production.

Only by correctly instituting the independent economic accounting system is it possible to better guarantee the planned and balanced development of the people's economy under the centralized, planned guidance of the state and to repay the disbursements from their own revenues and give even more profits to the state.

If we want to correctly institute the independent economic accounting system in socialist state-managed enterprises, we must do a good job of financial management organization and effectively manage the funds received from the state according to type.

Only by performing financial management so that we accurately plan the scale of assets by type—fixed assets, liquid assets, and circulating assets—and accurately build up the funding sources necessary for them and

smoothly accomplish planning for the cost and profit margin of products, transaction income, sales income and the like is it possible [for enterprises] to repay the expenditures with their own revenues and to make a profit while fully displaying the superiority of the independent economic accounting system. In other words, the superiority of the independent economic accounting system in factories and enterprises is demonstrated through scientific and rational financial management.

If we want to expand internal savings in factories and enterprises and guarantee the financial budget revenues of the state by commendably instituting the independent economic accounting system and improve management activities by rationally utilizing state funds, we must of necessity carry out financial management scientifically and rationally.

Indeed, here—in improving financial management—is a firm guarantee for mobilizing and utilizing to the maximum various kinds of reserves and potentials and meticulously carrying out the nation's economic life and more vigorously hastening socialist economic construction.

From the first period of socialism-building, the great leader Comrade Kim Il-song keenly perceived the significance and importance of financial management work in managing the socialist economy and clearly elucidated the direction and methods for laying the groundwork for financial management work and expediting production and construction.

Therefore, the work of financial management in our country has been steadily improved and the superiority of socialist financial management has been immensely enhanced and great innovations raised in production and construction.

In particular, today, when socialism building is being vigorously pursued, by the further improvement of financial management work in the various sectors and units of the people's economy it has become possible to rationalize business management and make operations scientific.

By improving financial management work, many factories and enterprises including the 5 October Automotive Consolidated Factory and the 25 March Factory, and the Pyongyang Textile Machinery Factory are providing much benefit to the state while making their own enterprises profitable by systematically lowering unit cost of production and increasing profit margins.

Functionaries and laborers of the Yonggang Electric Motor Factory, by greatly overfulfilling the production plan even while they lowered production prime costs by 4-5 percent, were able to satisfactorily guarantee electric motors and transformers and other electric equipment to important construction projects.

During the single month of February last year, the 5 October Consolidated Automotive Factory put into

effect some 145 economization proposals and saved 2,300-plus man-units of labor and a large amount of electricity and saved 10-15 percent of non-ferrous metals, steel materials, and plastic powder, and carbon steel plate, and provided much profit to the state.

All of these successes show that the more we plan and organize financial management and effectively utilize facilities, labor, and materials, and vigorously carry out mass technical innovations movements, the more we can seek out and mobilize any amount of internal reserves and effectively utilize them in expediting production and construction.

All functionaries and workers must bear in mind that planning and organizing financial management work in the present period is an important means for aggressively mobilizing internal reserves and bringing about a great leap forward in socialist economic construction and must actively struggle to improve financial management work.

An important thing in improving financial management work is first of all for all functionaries and workers to participate spontaneously in financial management with the attitude of a master toward the nation's economic housekeeping.

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and Secretary of the Central Committee of the WPK, pointed out as follows:

"In a socialist society the toiling popular masses, who are the subject of the revolution, are the masters of finance. In the socialist society, financial problems must also be considered with the toiling popular masses as the focus and must be solved by raising their voluntary enthusiasm and creative positivism."

The masters of financial management in socialist society are the toiling popular masses.

When the toiling popular masses plan and organize financial management work with a high level of self-awareness as the real masters of society, financial management work can be further improved and all the reserves of increased production and economization can be mobilized and utilized to the maximum.

If we want to improve financial management work, the workers must have a standpoint and attitude like that of the master toward the nation's housekeeping and particularly financial management.

Only by having a standpoint and attitude like that of the master toward the nation's housekeeping do we put our energies into strengthening the country's financial foundations and expanding the state's financial revenue and conserve and care for the property of the state and the society and devote all of our energies into further increasing them. And we come to struggle actively in order to frugally use every single cent of state funds and to utilize them effectively, and struggle actively to

oppose the phenomenon of wasting, carelessly managing, or damaging the property of the state or the society.

Therefore, all functionaries and workers must assume the standpoint and attitude of a master toward the nation's housekeeping and struggle actively in order to further increase the nation's wealth by voluntarily participating in financial management.

The next important thing in improving financial management work is to tighten financial discipline and financial controls.

Correctly setting up financial discipline and tightening financial controls is a basic method for improving socialist financial management.

Only by strengthening financial discipline and financial controls is it possible to uproot the outmoded ideological vestiges remaining in people's heads and manage the nation's housekeeping more frugally, more meticulously.

The top priority in tightening financial discipline is to tighten the state's budget discipline.

The budget of the socialist state is the basic financial plan of the state and the yardstick that determines the overall national housekeeping.

If we are to reinforce state budget discipline, we must correctly set up financial plans in all sectors and all units of the people's economy and see to it that operations activities are carried out directly in conjunction with the state budget.

Also, factories and enterprises must concretely calculate all the elements of production such as facilities, labor, and materials, and set up financial plans in minute detail while establishing strong discipline, so that the plan that has been set up is strictly accomplished.

Therefore, all factories and enterprises must thoroughly perform their duty of paying into the state budget and eliminate the phenomena of hoarding or wasting funds and insure that funds are utilized in the most rational and effective manner.

An important thing in strengthening financial discipline is to strengthen financial and banking institutions' control over the execution of the state budget.

Financial and banking organs have the duty of routinely taking command and exercising control so that all sectors, organs, and enterprises faithfully perform their duty of paying into the budget in a timely fashion. In insuring that factories and enterprises overfulfill their quotas in the production plan and utilize their prime cost economically, the role played by financial and banking organs has a major significance.

Financial and banking organs must tighten controls so that state funds are disbursed according to the item and scale envisioned in the plan and that these are rationally

utilized to the maximum, and they must thoroughly set up a system of regular financial inspections.

Also, all factories and enterprises must maintain financial inspection committees and properly set up accounting systems and put their operational activities on a scientific and rational basis.

The next important thing in improving financial management work is to thoroughly establish a financial summation or critique system.

Carrying out financial summation substantively makes it possible to accurately analyze and evaluate standards of financial activity and to set up effective measures for mobilizing inner reserves to the maximum.

In setting up a financial summation system, normalizing the system for daily summation of production and finance is of great significance.

The system for daily summation of production and finance created by our party is a unique financial summation system of our own style that firmly transforms the nation's housekeeping and financial management into the routine work of the masses themselves.

Functionaries and workers must deeply understand that the system for daily summation of production and finance is a unique financial management system that makes it possible to elevate the position and role of the producer masses and to make operational activities scientific and rational by thoroughly implementing the revolutionary mass line in economic management according to the demands of the Taean work system, and they must thoroughly institutionalize it and make it part of their lives and carry it out in a substantive manner.

If we want to normalize the daily summation of production and finance, we must correctly establish summation units and summation indices to suit the characteristics of the organs, enterprises, and social cooperative groups according to the sector of the people's economy and enhance the role of the workteam chief and personnel in charge on the social level.

The daily summation of production and finance should summarize and evaluate production and the accomplishment of economization tasks and other forms of inner reserves mobilization by index and individually and, on the basis of this, give priority to political evaluation while blending material incentives appropriately.

The daily summation of production and finance should be carried out by closely linking it with a model workteam movement for increased production and economization. Only by doing so will it be possible to dynamically launch the internal reserve mobilization work as a mass movement and to manage the nation's housekeeping more frugally.

If we want to improve the financial management system, we must do a good job of financial summation in enterprises and work-sites as well.

Carrying out financial summations by the 10-day period, by the month, by the quarter, by the half-year, and by the year is an important method for improving the nation's housekeeping and financial management work.

All work-sites, factories, enterprises, and state administrative economic organs should thoroughly institutionalize and regularize 10-day, monthly, quarterly, semi-annual, and annual financial summations. Ten-day, monthly, quarterly, semi-annual, and annual financial summations must prepare well and accurately analyze the reasons for excellence and deficiencies that show up in financial management and fully display the collective wisdom of the producer masses, do a substantive job along the lines of straightening out measures to improve financial management.

In addition, the results of financial summations of factories, enterprises, work-sites, and workteams must be made public and the concern of the producer masses toward financial management work must be boosted.

All functionaries and workers must profoundly study the historic letter of the dear Comrade Kim Chong-il, "On Improving and Strengthening Financial and Banking Work" and positively contribute to successfully accomplishing the task of socialist economic construction by further improving the work of financial management to meet the demands of the developing reality.

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[Article by Choe On-Kyong; not translated]

Experiential

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